

California Department of Corporations

Education and Outreach Unit

Annual Report

2007-2008

Fiscal Year July 1, 2007 / June 30, 2008

State of California
Governor Arnold Schwarzenegger

Business, Transportation and
Housing Agency
Dale Bonner, Secretary

Department of
Corporations
Preston DuFauchard,
Commissioner

I. Executive Summary

The Education and Outreach Unit

Created in 2005, the Department of Corporations' Education and Outreach Unit works to fulfill the Department's mission to educate Californians about the risks and rewards of investing and finances. The E&O Unit administers two programs, Seniors Against Investment Fraud, or SAIF, and Troops Against Predatory Scams, or TAP\$.

SAIF alerts and educates Californians over the age of 50 about financial and investment fraud. SAIF also educates seniors about unscrupulous sales practices and scams that specifically target senior communities. SAIF empowers seniors by providing them with critical information and resources regarding the steps to take before making an investment decision, operating from the belief that an educated consumer is less likely to fall victim to a scam.

TAP\$ works to provide fraud prevention and investor protection information to military servicemembers and their families. Unscrupulous sales agents and scamsters know that many servicemembers are young and financially unsophisticated, making them targets for fraud. The E&O Unit also participates in dozens of partnerships to promote investor education, financial literacy and investor protection.

2007-2008 Accomplishments

- Release of the 2nd edition of the SAIF booklet, updated with additional resources and information.
- Metrics for the TAP\$ program improved significantly, distributing over 22,000 booklets and reaching almost 19,000 audience members. Those figures represent increases of 20% more booklets and engaging over 40% more audience members than the 06/07 fiscal year.
- Metrics for the SAIF program improved as well. Distribution of 70,000 booklets represents a 15% increase over the previous year, while audience attendance increased almost 20% to 58,000.
- Both SAIF and TAP\$ continued to leverage resources by utilizing the distribution networks, creativity and energy of over 150 different partners.
- The E&O unit introduced a new publication entitled "What You Need To Know About Payday Lending" in both English and Spanish for placement in all 2,500 California payday lending storefront locations.

- During State Fiscal Year (SFY) 07-08, the DOC saved SAIF program saved senior consumers \$3.2 million.

During the 2007-2008 state fiscal year, the E&O unit built on successes from the previous year. Partnerships with the Stock Market Game, the LA County Bar Association and the Fleet and Family Support Center helped to add tremendous value to DOC outreach efforts. The DOC renewed support for the PBS Series Money Track, which has won high critical acclaim for its straightforward, understandable approach to wise and safe investing.

The Education and Outreach unit works closely with counterparts in other states through the North American Securities Administrators Association (NASAA). In June of 2008, NASAA held its annual Investor Education conference in Philadelphia. Partnering with FINRA, NASAA provided social marketing training taught by Professor Punam Keller of the Tuck School of Business at Dartmouth. Highlights of the conference also included California being awarded the NASAA 2008 Investor Education Outreach Award for most consumers reached.

Education and Outreach also works hard to provide customer service to internal clients. Over the course of the 2007-2008 state fiscal year, the E&O team was able to provide excellent support to several programs within the Financial Services Division, the Enforcement Division and the Securities Regulation Division, assisting with the preparation, layout, formatting and production of legislatively mandated reports.

II. SAIF PROGRAM

The California Department of Corporations administers the Seniors Against Investment Fraud (SAIF) program, which is a statewide outreach campaign that educates and alerts Californians over the age of 50, helps recognize red flag signs to prevent financial fraud. The SAIF program empowers seniors by providing them with critical information and resources regarding the necessary steps to take before making an investment decision, operating from the belief that an educated consumer is less likely to fall victim to a scam.

The SAIF Program partners with various state, federal, and local agencies as well as non-profit organizations who are strong advocates in protecting seniors from financial fraud and elder abuse. The SAIF message is disseminated through seminars and presentations at various venues where seniors gather.

SAIF Contractors/Volunteers

In SFY 07/08, the SAIF Program utilized 21 contractors, contracting with various entities including local Retired Senior Volunteer Programs (RSVP), senior-focused non-profit organizations and independent contractors. Once on board, SAIF contractors recruit and train a cadre of senior volunteers, drawing from the local community. Those volunteers in turn conduct presentations at senior centers, assisted living facilities, senior organizations and other places where seniors gather.

SAIF Contractors 2007-2008

Northern California

- Department of Aging & Community Services (San Joaquin)
- Elder Financial Protection Network (EFPN)
- Golden Umbrella
- Legal Aid of Marin RSVP
- Mills-Peninsula Senior Focus (San Mateo RSVP)
- Richard Ryder (Independent)
- RSVP Alameda County
- RSVP of San Francisco
- RSVP of South Bay

Central and Southern California

- All Peoples Christian Center RSVP
- Central Coast RSVP
- City of Burbank RSVP
- County of Riverside (CARE)
- Kings/Tulare RSVP
- Long Beach RSVP
- Orange County Council on Aging
- Oxnard RSVP
- RSVP of Greater Whittier
- RSVP West Valley
- San Diego RSVP
- WISE and Healthy Aging (RSVP)

Active SAIF Volunteers/Hours

There are approximately 100 active SAIF senior volunteers that have been recruited from within the above-listed agencies that provided a total of 1,471 SAIF volunteer hours in SFY 2007-2008.

SAIF Partnerships

The SAIF Program has formed 167 partnerships with various federal, state, and local agencies, as well as non-profit organizations, consumer advocacy groups, law enforcement, and others that advocate for senior abuse. Partners help the SAIF program to leverage its resources, reaching more consumers with more information than working alone would accomplish.

Congressional/Legislative Outreach

The SAIF Program regularly participates on Senior Scam Stopper, Smarter Senior Forum panels hosted by Contractors State License Board and the Department of Consumers in conjunction with support from many legislative offices.

2007-08 SAIF presentations sponsored by legislators included the following:

Congressmember Jane Harman	(36th District)
Congressmember Linda Sanchez	(39th District)
Senator Gil Cedillo	(22nd District)
Senator Robert Dutton	(31st District)
Senator Alan Lowenthal	(27th District)
Senator Robert Margett	(29th District)
Senator Alex Padilla	(20th District)
Senator Gloria Romero	(24th District)
Senator Leland Yee	(8th District)

Assemblymember John Benoit	(64th District)
Assemblymember Paul Cook	(65th District)
Assemblymember Felipe Fuentes	(39th District)
Assemblymember Loni Hancock	(14th District)
Assemblymember Ed Hernandez	(57th District)
Assemblymember Betty Karnette	(54th District)
Assemblymember Ted Lieu	(53rd District)
Assemblymember Pedro Nava	(35th District)

LA County Supervisor Don Knabe	(4th District)
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Councilmember Jose Huizar	(14th District)
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SAIF Saves

A SAIF Save takes place when a senior calls to request information about an entity or individual before making a decision to purchase an investment and decides not to invest as a result of learning negative information pertaining to a licensee by calling the DOC. During SFY 07-08, the DOC saved 6 senior consumers \$2,302,000. Upon calling the DOC SAIF Program, consumers received valuable information, which aided in a decision not to invest in an inappropriate or downright fraudulent investment.

Since the program's inception in 2001, SAIF has saved over dozens of seniors a total of over \$5,000,000. The previous fiscal year saw a single SAIF Save in the amount of \$2,000,000--our largest yet!

SAIF SAVES 2007-2008

Date	Senior Info	Amount Saved
August 6, 2007	Senior Caller	\$20,000
August 13, 2007	Senior Caller	\$40,000
April 2, 2008	Senior Caller	\$112,000
May 1, 2008	89 year-old man	\$2,000,000
May 14, 2008	74 year-old woman	\$100,000
May 14, 2008	Senior Caller	\$30,000

TOTAL SAVED SFY 2007/08: \$2,302,000

Senior Calls / Resource Center

The Department of Corporation's toll-free number, 1-866-ASK-CORP (1-866-275-2677), is prominently displayed on all E&O publications, including all SAIF materials. SAIF literature reminds seniors to call the DOC before making an investment decision, or if they have any questions about a solicitation. By phoning the Department's toll-free number, callers receive assistance from a representative in our Consumer Resource Center (CRC). The DOC CRC can tell consumers the licensing status of a financial services professionals licensed by the Department. If the CRC cannot answer a consumer's question or provide the requested information, the call will be transferred to the SAIF Program Coordinator. The Coordinator or other E&O staff try to help the consumer and discuss any potential red flag.

The following charts indicate the number of calls handled by the SAIF Coordinator for the past two fiscal years.

SAIF CALLS

Fiscal Year 2006-2007	Fiscal Year 2007-2008
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Month	Calls Taken	Month	Calls Taken
July	56	July	25
August	39	August	61
September	37	September	36
October	40	October	52
November	49	November	51
December	30	December	35
January	49	January	39
February	52	February	59

March	64	March	63
April	49	April	52
May	79	May	27
June	23	June	47
TOTAL	567	TOTAL	547

SAIF Accomplishments 2007-08

California Department of Corporations (DOC) Education and Outreach staff revised the original SAIF booklet and assembled a second edition of the SAIF booklet entitled “Protect Yourself from Investment Fraud.” The revised booklet contains additional resources and updated information including the most recent scams and fraud.

E&O translated the 1st edition of the SAIF booklet in Spanish and Chinese. These translated booklets were well received by the Spanish and Chinese communities throughout California. Total Spanish booklet distribution for the fiscal year was 3,500; total Chinese booklet distribution for the fiscal year was 3,000.

The Director of SAIF contractor San Mateo RSVP, Deborah Owdom, received a Certificate of Recognition from the DOC for her outreach efforts in 2007-08. Specifically, San Mateo worked to connect with the Food Banks of Santa Clara and San Mateo Counties, making it possible to distribute over 8,000 SAIF booklets (English, Chinese, and Spanish versions) within the brown bags of all Food Bank clients in those county areas.

SAIF Contractor San Joaquin County Department of Aging and Community Services (Director Olivia Breismieter) hosted their 1st Annual Fraud Fighters Festival in May. The event was well attended and featured speakers from the San Joaquin County District Attorney’s Office, San Joaquin County Sheriff’s Office and the DOC.

SAIF By The Numbers 2007-08

In SFY 2007-08, SAIF held over 850 events attended by some 58,000 seniors and distributed almost 70,000 booklets. While the total number of events declined slightly from the previous year, the number of attendees and booklets distributed both increased by approximately 15%.

Almost 90% of SAIF audience members rated the information provided as either “excellent” or “very good” in quality.

III. TAP\$ PROGRAM

California TAP\$ (Troops Against Predatory Scams) is a program administered by the California Department of Corporations and funded by a grant from the Investor Protection Trust (IPT). TAP\$ educates California’s military troops on how to avoid becoming a victim of financial and investment fraud. California TAP\$ also serves as the enforcement arm against financial fraud crimes by taking action against the predators targeting our troops.

The 2007-2008 fiscal year saw TAP\$ achieve its greatest successes to date. The California Employment Development Department (EDD) distributed 10,000 copies of the TAP\$ booklet through its Troops Assistance Program, which provides job-training to servicemembers returning to civilian life. The Financial Regulatory Authority (FINRA) invited TAP\$ to partner on presentations made to a number of California military installations. The “sweep” of bases includes the Naval Base San Diego, Naval Base Coronado, the Marine Corp Recruit Depot, Camp Pendleton, Miramar, 29 Palms, the Anti-Submarine Warfare Base, and a memorable presentation aboard the USS Ronald Reagan. During the sweep, some 7,000 TAP\$ booklets were distributed to almost as many servicemembers.

The invitation from FINRA also led to the establishment of a solid partnership with the Fleet and Family Support Center. That partnership in turn has led to invitations to several events for military service- members, base financial counselors, veterans and their families. The Fleet and Family Service Center has been instrumental in helping the TAP\$ program achieve success, and TAP\$ is grateful to all the excellent servicemembers for their dedication, hard work and professionalism.

TAP\$ Partnerships

The TAP\$ program has established partnerships with XX number of organizations. Developing partnerships with organizations that possess key distribution networks helps to leverage limited resources and has been instrumental in making the TAP\$ program a success!

For an index of all TAP\$ partners, please see page X.

TAP\$ CALLS

Fiscal Year 2006-2007	Fiscal Year 2007-2008
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Month	Calls Taken	Month	Calls Taken
July		July	
August		August	
September		September	
October		October	
November		November	
December		December	
January		January	
February		February	
March		March	
April		April	
May		May	
June		June	
TOTAL		TOTAL	

IV. Financial Literacy, Licensee Outreach, Publications and Misc.

Financial Literacy

In 2007-08 the Education and Outreach Division (E&O) developed a variety of partnerships and initiatives to provide financial literacy and investor education for Californians. With greater financial knowledge and the tools to manage finances responsibly, Californians have the resources to make sound decisions that will help them reach their financial goals.

The following is a summary of work done by the Education and Outreach team on financial literacy and investor education:

- E&O has developed a partnership with the Stock Market Game (SMG), a national financial education program based on a real-life simulation of the stock market. Thousands of California students (elementary, middle, and high school) play SMG each year. Comprehensive financial curriculum compliments the game, teaching students valuable lessons that increase financial literacy.
- E&O developed a non-core educational lesson, Wise and Safe Investing, which teaches students about investment fraud, scams, and the role of securities regulators. The lesson is posted on SMG's national website, www.stockmarketgame.org. E&O staff spoke at four SMG symposiums throughout California promoting the Department and the resources it offers. E&O will continue working with SMG in a joint effort to increase the financial literacy of California students.
- E&O is a member of Navy Region Southwest Joint Task Force on Financial Health; E&O staff regularly attend Task Force meetings. This partnership has helped expand the Troops Against Predatory Scams (TAP\$) Program in San Diego and has enabled the department to increase its financial literacy efforts to military servicemembers.

Licensee Outreach

The department has been working to improve the communication with its licensees. Licensee outreach has been helpful and has forged greater cooperation and collaboration between the DOC and licensees.

The following is a summary of work done by the Education and Outreach team on licensee outreach:

- E&O took the lead on development of a tri-fold collateral piece for distribution by all Payday Lending licensees throughout the state (over 2,500 licensees exist).

The tri-fold contains information about California's payday lending laws and tips for payday loan customers. Countertop and wall-mounted brochure stands were sent with the tri-folds for prominent display within each store.

- E&O assisted the Broker Dealer/Investment Advisor (BDIA) division in a series of educational seminars dedicated to licensee compliance issues. Seminars were held in Los Angeles and Oakland.

Ethnic Outreach

The Education and Outreach team is committed to serving non-English speaking ethnic communities. E&O has given several presentations on financial scams and Department services that have been translated into specific languages, such as Chinese, Spanish and Russian.

The following is a summary of work done by the Education and Outreach team on ethnic outreach:

- E&O has developed a Request for Offer (RFO) to secure a written translation vendor for alternate language publications. E&O will select the vendor that meets the scope of work and can deliver accurate and formatted (Adobe InDesign) translated documents and publications. E&O anticipates certain documents to be translated to Spanish, Chinese, Korean, Tagalog, Armenian and Arabic.
- The DOC Payday Lending tri-fold is available at all payday lending storefront locations in English and Spanish
- The Seniors Against Investment Fraud (SAIF) publication, Protect Yourself from Fraud (2nd Edition) is available in English, Spanish and Chinese.

New Publications

E&O has developed many new, color publications to help California consumers recognize and avoid financial scams and what services the Department of Corporations can provide to the public.

The following is a list of new publications developed by E&O:

- Protect Yourself from Fraud (2nd Edition). This is a new, 26-page version of the Seniors Against Investment Fraud booklet. It is available in English, Spanish, and Chinese.

- Department of Corporations Tri-fold. This new tri-fold educates the public on the role of the Department and the services and resources provided to Californians. The tri-fold is in English.
- Payday Lending Tri-fold. This new tri-fold educates Californians on payday lending laws and practices. The tri-fold is located in payday lending storefronts throughout California. It is available in English and Spanish.
- Protect You and Your Family from Fraud. This is a new, 10-page booklet for the Department's Troops Against Predatory Scams (TAPS) Program. The booklet contains information on financial scams, credit and lending, and useful resources for California's military servicemembers.

Miscellaneous

- On March 5, Jeff Toney attended the Cyber Safe California Summit hosted by the California Department of Consumer Affairs in Burbank. The Summit focused on identity theft and other online scams.
- On April 11, Jeff Toney attended Assemblymember Pedro Nava's Annual Business Resource Expo in Ventura. Information about the Department, licensee regulation, and the Department's Education and Outreach programs was provided and publications were distributed to attendees and organizations. E&O staff will attend another Business Resource Expo in Santa Barbara in September 2008.
- E&O staff is developing an Interagency Agreement with the Department of General Services, utilizing their Video Multimedia Center to record a series of audio podcasts with educational information regarding financial fraud and scams. The podcasts will be posted on the DOC Website.
- In 2008, E&O staff has received computer training in Adobe InDesign. The training will assist
- E&O is a contributing member of the Consumer Leaders Roundtable group, a coalition of state and local agencies that advocate for consumer rights. The roundtable is organized by the California Department of Consumer Affairs and meetings are held quarterly. The venue is used to gather current information on consumer scams and policies that affect Californians.
- E&O developed a flyer for the Los Angeles County Bar Association seeking volunteers for pro-bono legal help for seniors facing cases of financial fraud.
- E&O continues to work with the DOC Webmaster in updating and improving its website (http://www.corp.ca.gov/Education_Outreach/default.asp). New outreach events, information on scams, tools and resources are continuously being updated.

